

The Williams Companies, Inc.

- One of North America's largest energy companies with over \$32 Billion in assets and 90+ years experience
- Energy Infrastructure
 - 60,000 miles of natural gas and product pipelines
 - Transports 17% of US natural gas supply
 - Underground and LNG storage facilities
 - Processing Plants and refineries



Project Review and Approval

- Multiple Federal and State Agencies
 - Various Statutory Review Requirements
 - Reviews often independent and sequential
 - Redundant processes
 - Protracted timelines
 - Contradictory permit conditions
 - Conflicting permitting mandates
 - Consequential delays can impact project authorization and in-service

Federal Agencies

- Federal Energy Regulatory Commission
- US Army Corps of Engineers
- US Fish and Wildlife Service
- Bureau of Land Management
- Minerals Management Service
- US Forest Service
- National Marine Fisheries Service
- Advisory Council for Historic Preservation
- National Park Service
- US EPA
- others

Federal Energy Regulatory Commission

- Lead Agency
 - regulates interstate natural gas pipeline projects under the Natural Gas Act
 - responsible for compiling environmental record under NEPA

Objective

- Effective, Efficient and Timely Review and Permitting
- Coordinated Policy and Directives
 - Early Cooperating Agency Involvement
 - Agency Resource Commitments
 - Parallel Agency and Public Scoping
 - Concurrent Permitting Review and Processing
 - Common Schedule to Support Project Certification

Solution

- Interagency Memorandum of Understanding
 - Written framework for cooperation and participation
 - Formal concurrence among all parties, including state, tribal and municipal
 - Merge review and permitting processes
 - Expedite permitting, construction and service delivery
- Executive Order

Initiatives

- Industry
 - Draft MOU
 - Agency Presentations and Reactions
 - Congressional Support
- FERC
 - Outreach to Industry, Agencies and Public Stakeholders on scoping and participation in environmental review
 - Pre-filing Process for early participation
 - Relaxation of Ex Parte regulations

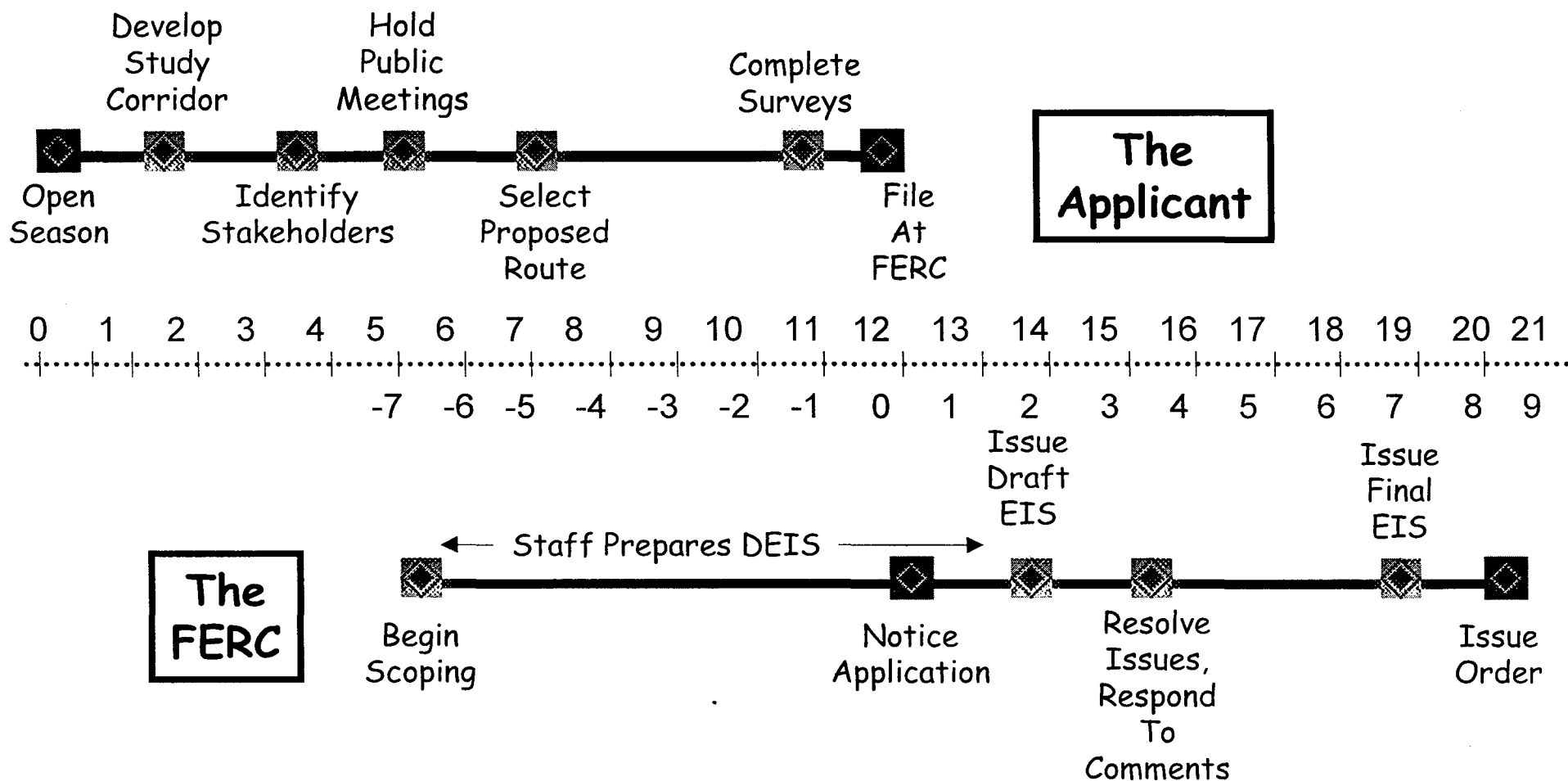
Closing

- The National Energy Policy recognizes the importance of infrastructure expansion to insure steady supply of affordable energy for our Nation's homes, businesses and industries.
- Building new pipelines is consistent with this objective. Williams plans to spend \$5 Billion to expand its system in the next 2 years.
- An MOU or EO embodying the concepts of this initiative would make it possible to achieve the goals of the Administration's National Energy Policy and would provide a model for other infrastructure project permitting.

1/27
open house

Pre-filing Process Timelines

(units = months)



Pre-filing Process Timelines, EIS
Certificate of Public Convenience and Necessity

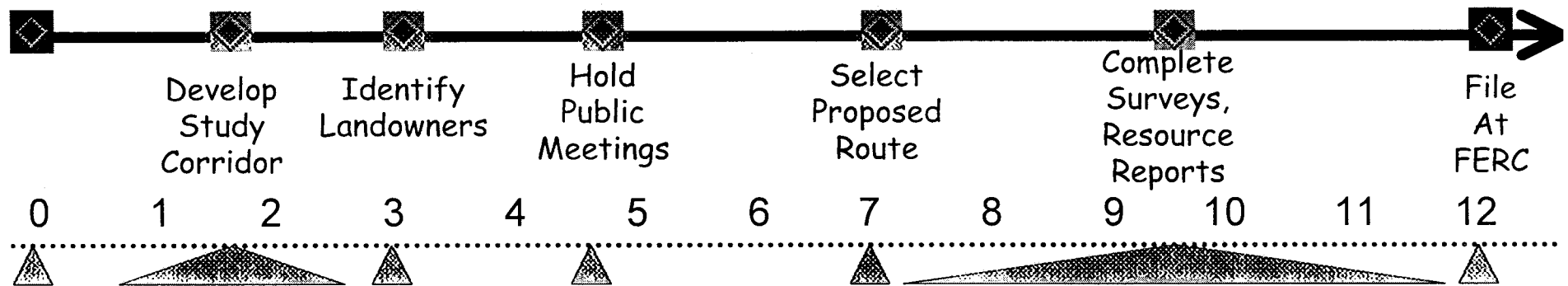
ID	Task Name	Duration	Year 1												Year 2										Year 3				
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27
1	Applicant's Pre-filing Process	240 days																											
2	Open Season - Kick-off	1 day																											
3	Develop study corridor	31 days																											
4	Identify landowners	11 days																											
5	Hold public meetings	5 days																											
6	Select proposed route	5 days																											
7	Complete surveys	90 days																											
8	Complete Resource Reports	20 days																											
9	File Application for CPCN	1 day																											
10																													
11	FERC's Process	351 days																											
12	Begin scoping	1 day																											
13	Scoping, Compile DEIS	196 days																											
14	Receive Application for CPCN	1 day																											
15	Issue Notice and NOI	1 day																											
16	Issue DEIS	1 day																											
17	DEIS comment period	45 days																											
18	Resolve issues, comments	77 days																											
19	Issue FEIS	1 day																											
20	Issue CPCN	1 day																											

Item 13: In the Prefiling Process a 3rd Party EIS contractor works with FERC Staff and Applicant to interact with government and public stakeholders to define and resolve issues prior to submittal of application for CPCN.

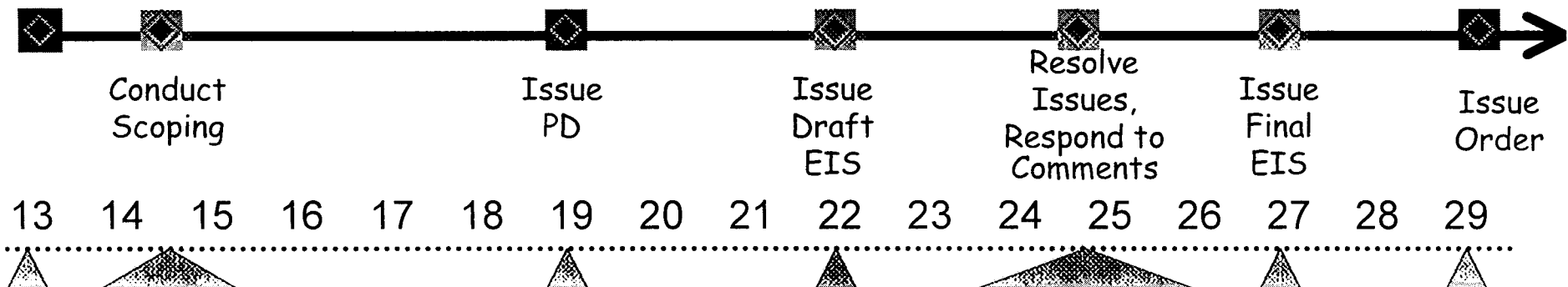
Standard Timelines

(units = months)

The Applicant's Pre-filing Process



The FERC Process



Standard Timelines, EIS
Certificate of Public Convenience and Necessity

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9	File Application for CPCN	1 day																													
10																															
11	FERC's Process	380 days																													
12	Receive Application for CPCN	1 day																													
13	Conduct scoping	31 days																													
14	Issue Preliminary Determination	1 day																													
15	Compile DEIS	172 days																													
16	Issue DEIS	5 days																													
17	DEIS comment period	45 days																													
18	Resolve issues, comments	77 days																													
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DRAFT

**INTERAGENCY AGREEMENT
ON
INTEGRATING NEPA, ESA AND NHPA REVIEW
WITH
THE ISSUANCE OF FERC CERTIFICATES,
BLM RIGHT-OF-WAY PERMITS,
AND COE 404 PERMITS
FOR
INTERSTATE NATURAL GAS PIPELINES**

The Federal Energy Regulatory Commission

**The U.S. Department of the Interior, Bureau
of Land Management**

The U.S. Army Corps of Engineers

The Environmental Protection Agency

**The U.S. Department of the Interior, Fish
and Wildlife Service**

**The Advisory Council on Historic
Preservation**

The Council on Environmental Quality

I. INTRODUCTION

Numerous studies have concluded that the expanded availability and use of domestically-produced natural gas is an important public policy goal. The efficient permitting of new interstate pipeline projects is essential to facilitate the nation's ability to meet this goal.

The Federal Energy Regulatory Commission ("FERC") is the federal agency responsible for authorizing the construction and operation of interstate natural gas pipelines. It issues certificates of public convenience and necessity for such pipelines under section 7 of the Natural Gas Act of 1938, as amended.

The Department of Interior's Bureau of Land Management ("BLM") is a federal agency responsible for the management of public lands. The BLM manages 270 million surface acres in 29 states that serve as habitat for many plant and animal species. The BLM is the federal agency principally responsible for issuing right-of-way permits for natural gas pipelines that cross federal lands. Section 28 of the Mineral Leasing Act of 1920, as amended, gives BLM the authority to issue right-of-way grants for natural gas pipelines through lands held by the United States, except lands in the National Park System, lands held in trust for an Indian or Indian tribe, and lands on the Outer Continental Shelf.

The United States Army Corps of Engineers ("COE") is a major Army command that is responsible for, among other things, the administration of laws for the protection and preservation of waters of the United States, including wetlands. The COE grants permits under section 404 of the Clean Water Act ("CWA") for the discharge of dredged or fill material into navigable waters, including wetlands.

The National Environmental Policy Act of 1969, as amended, ("NEPA") requires federal agencies to fully evaluate the environmental impact of every major federal action significantly affecting the quality of the human environment, through the preparation and consideration of an Environmental Impact Statement ("EIS"). Where the federal action may not significantly affect the quality of the human environment, but the action is not categorically excluded from the requirement that an EIS be prepared, the agency must prepare an Environmental Assessment ("EA"). Based on the EA, the agency must then either make a finding of no significant impact or prepare an EIS. 40 C.F.R. § 1501.4 (Regulations of the Council on Environmental Quality ("CEQ") on NEPA implementation by federal agencies). The preparation of an EA is, in many respects, comparable to the preparation of an EIS.

The Environmental Protection Agency ("EPA") is the federal agency responsible for administering a wide variety of environmental laws. The responsibilities of EPA relevant to the pipeline permitting process include commenting on Environmental Impact Statements of all federal agencies under section 309 of the Clean Air Act, the authority to restrict in certain circumstances, the COE's authority to issue section 404

permits, and the authority to issue permits for pipeline-related activities that involve discharges of pollutants subject to the requirements of the National Pollutant Discharge Elimination System or emissions that may be subject to permitting requirements under the Clean Air Act.

The issuance by the FERC of a certificate of public convenience and necessity for a major pipeline construction project using right-of-way in which there is no existing natural gas pipeline is an action that normally requires the preparation of an EIS.

18 C.F.R. § 380.6(a)(3) (FERC regulations on NEPA). Similarly, the issuance of a right-of-way permit for a major pipeline is categorized by BLM's guidelines implementing NEPA as an action that normally requires an EIS. 48 Fed. Reg. 43731, 43732 (September 26, 1983) (Para. 5.3.A.(5)(b) of Appendix 5 to 516 DM 6). These EIS requirements may be satisfied through cooperative efforts by the agencies. 40 C.F.R. § 1506.3(c). Significant pipeline projects that do not require an EIS typically require the preparation of an EA, which should also involve the relevant agencies in a cooperative effort.

The Endangered Species Act of 1973, as amended, ("ESA") requires each federal agency to insure that any action it authorizes is not likely to jeopardize the continued existence of any endangered or threatened species ("listed species") or result in the destruction or adverse modification of critical habitat for such species ("critical habitat"). Section 7(a)(2) of the ESA.

The Department of Interior's U.S. Fish and Wildlife Service ("FWS") is the federal agency principally responsible for implementation of the ESA. Other federal agencies are required by section 7 of the ESA to consult with the FWS in carrying out their ESA responsibilities and the FWS is responsible for issuing biological opinions on the impact of a proposed agency action on listed species or its critical habitat. The consultation and other ESA requirements applicable to federal agencies may be carried out in coordination with and as part of the agencies' NEPA processes. 50 C.F.R. § 402.06 (Joint Regulations on ESA).

The National Historic Preservation Act requires federal agencies to take into account the effect of the actions that they authorize on property listed or eligible for listing in the National Register of Historic Places and to afford the Advisory Council on Historic Preservation ("ACHP") a reasonable opportunity to comment with regard to such actions.

The Council on Environmental Quality ("CEQ") was established by NEPA within the Executive Office of the President in 1969. Its purpose is to formulate and recommend national policies to promote the improvement of the quality of the environment. CEQ has issued regulations applicable to all federal agencies for implementing the procedural provisions of NEPA. 40 C.F.R. Parts 1500 through 1508.

II. PURPOSE

The purpose of this Agreement is to establish a general framework for cooperation and participation among the FERC, the BLM, the COE, the EPA, the FWS, the ACHP and the CEQ (the "Participating Agencies") that will merge the processes through which their environmental review responsibilities are met and their substantive decision-making authorities are exercised in connection with the authorization of interstate natural gas pipeline projects. The Participating Agencies will work together and with appropriate involvement of other federal agencies, the public, States, Indian Tribal Governments, and local governments to achieve the common goals of insuring that in decisions regarding the authorization of new pipeline projects, the responsibilities of each agency and of the authorities they administer, including the purposes of NEPA, the requirement to conserve listed species under the ESA, and the provisions of the NHPA encouraging the preservation of historical places, are met.

The overall objective is to build consensus among all involved agencies to assure the timely, cost-effective development of needed, environmentally sensitive natural gas pipeline projects. Formal concurrences from the relevant agencies should be given at appropriate key stages of project development. This process should provide an orderly procedure through early identification of environmental resources at sufficient level of detail to develop quality documentation to meet NEPA/ESA/NHPA requirements.

In consideration of the above premises,

III. THE PARTICIPATING AGENCIES AGREE TO THE FOLLOWING:

Each individual agency that is a party to this Agreement will:

A. Seek Early Involvement. As soon as practicable after an application for authority to construct a pipeline project has been accepted for filing by the FERC, and before a Notice of Intent ("NOI") to prepare an environmental document is published, the Participating Agencies will, in consultation with each other, conduct a preliminary review of the proposed project. Based on such review, the Participating Agencies will:

1. Identify the lead agency for preparation of the EIS or EA. This will normally be the FERC, in light of its overall responsibility for determining whether such projects are consistent with public convenience and necessity.
2. Identify a person or persons at each agency who will serve as the contact for that agency for purposes of the NEPA, ESA, CWA, NHPA and other relevant review processes concerning the proposed project.
3. Identify principal areas of potential concern to each agency and assess the need for and availability of agency resources needed for participation in the NEPA/ESA/CWA/NHPA/other relevant review process.
4. Agree upon a schedule for further steps in the NEPA/ESA/CWA/NHPA/other review process and pipeline authorization that

will be as expeditious as possible, consistent with the periods for analysis and response by the agencies and others that are required by the statutes and regulations applicable to the particular project. In establishing this schedule, the agencies will strive wherever possible to ensure that individual permitting processes and permit review activities occur on a concurrent, rather than sequential basis, with the objective of reducing the overall permitting timeframe to the greatest extent possible.

5. Establish a common repository in which all filings with all of the agencies involved in reviewing or authorizing the project will be maintained, along with all orders, requests, etc., issued by all of the agencies. The agencies may maintain their own permit dockets or files in addition to the common repository.

6. Include in the published NOI guidance to the public regarding the foregoing subjects.

B. Be Proactive Participants. The Participating Agencies will provide on their own initiative the information and expertise they have available within their agencies that are appropriate for consideration or application in the NEPA/ESA/CWA/NHPA/other review process. The Participating Agencies will provide such information and expertise at the earliest possible time and on a continuing basis. To this end, the Participating Agencies agree that they will:

1. At the scoping stage of the process, identify the statutory, regulatory and policy responsibilities of each agency that are applicable to the review and ultimate approval of the proposed project.

2. Also at the scoping stage, identify the significant issues and concerns related to the proposed project that need to be addressed in order for each agency to meet its obligations under NEPA, ESA, CWA, and NHPA, and under any other relevant statutory or regulatory requirement.

3. In connection with the preparation of draft and final NEPA documents, furnish relevant studies, data (such as maps showing features over which each agency may have jurisdiction), and any other information concerning the status of relevant matters (including matters that may be under consideration, such as proposing a species for listing as endangered or threatened, or proposing an area for wilderness status), which the Cooperator may have in its possession or to which it may have access.

C. Compile a Common Data-Base. The Participating Agencies will assure that facts will be gathered, considered and relied upon by all Participating Agencies in a single NEPA/ESA/CWA/NHPA/other review process involving all Participating Agencies. The Participating Agencies will:

1. Cooperate in the preparation of requests for additional studies or data from the applicant, to avoid duplicative requests and to compile a common data-base on which all of the Participating Agencies will rely.

2. Cooperate in deciding the level of detail that will be required for the NEPA/ESA/CWA/NHPA/other review and the level of detail that will be addressed at later stages of project development.

3. Cooperate in the development of a common set of alternative actions for consideration.

4. Cooperate in proposing mitigation measures that are agreed upon by mutual consent of the Participating Agencies.

D. Adopt an Efficient Schedule. The Participating Agencies will conduct the comprehensive review required under NEPA, ESA, CWA, NHPA and other relevant authorities as efficiently as possible, taking into account statutory and regulatory time requirements. To this end, they will:

1. Not exceed the statutory or regulatory minimum time requirements except for exceptional circumstances.

2. Provide informal comments in advance of deadline for written comments, to reduce the amount of time and effort that is otherwise involved in cataloging and reviewing comments on areas where no significant differences of opinion exist.

E. Agree on Decision Points. The Participating Agencies will agree on appropriate major decision points for significant decisions and will seek to achieve consensus among the Participating Agencies on such issues at the agreed-upon decision points. The Participating Agencies agree, for example:

1. To agree upon the choice of a recommended action, where alternative courses of action have been considered, prior to the issuance of the final NEPA document.

2. To agree upon all significant mitigation measures that will be required, prior to the issuance of the final NEPA document.

F. Resolve Disputes. To avoid unnecessary delay and to enable the agencies to take a uniform position, the Participating Agencies agree to resolve potential disputes by mutual agreement, if possible, or by reference to CEQ, if necessary. If a dispute cannot be resolved among the Participating Agencies, the Participating Agencies agree that:

1. All documentation concerning the dispute will be forwarded to the CEQ.

2. The Participating Agencies will defer further action regarding the subject of the dispute for a reasonable time within which to receive comments from CEQ.

3. Comments received from CEQ will be taken into account by the Participating Agencies in determining further actions regarding the subject of the dispute.

IV. IT IS MUTUALLY AGREED AND UNDERSTOOD THAT:

A. Nothing in this Agreement shall obligate the Participating Agencies to expend appropriations or enter into any contract or other obligations.

B. This Agreement may be modified or amended upon written request of any party hereto and the subsequent written concurrence of all of the Participating Agencies. Cooperator participation in this Agreement may be terminated with the 60-day written notice of any party to the other Participating Agencies.

C. This Agreement is intended only to improve the internal management of the executive branch and is not intended to, nor does it create any right, benefit, or trust responsibility, substantive or procedural, enforceable at law or equity by a party against the United States, its agencies, its officers, or any person.

D. This Agreement is to be construed in a manner consistent with existing law and regulations.

E. The terms of this Agreement are not intended to be enforceable by any party other than the signatories hereto.

V. PRINCIPAL CONTACTS

The following persons will be the principal contacts for their respective agencies at the time of execution of this Agreement. These contacts may be changed at an agency's discretion upon notice to the other Participating Agencies.

Federal Energy Regulatory Commission:

Bureau of Land Management:

Corps of Engineers:

Environmental Protection Agency:

U.S. Fish and Wildlife Service:

Advisory Council on Historic Preservation:

Council on Environmental Quality:

JACKSON:0012160.03